

CACD/CFE

Decision 88 06 010 JUN 8 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of MARIPOSA COUNTY TELEPHONE)
COMPANY, INC., for an order)
authorizing it (a) to issue a)
\$2,240,000 note.)

Application 57667
(Filed November 3, 1977;
Petition for Modification,
Filed April 12, 1988)

(U-1016-C)

SUPPLEMENTAL OPINION

Summary of Decision

This decision grants Sierra Telephone Company, Inc., (Sierra Tel), the authority requested in its petition for modification of Decision (D.)88946.

Effective January 20, 1984, Mariposa County Telephone Company, Inc. (Mariposa), was merged into Sierra Tel, and Sierra Tel became successor-in-interest to Mariposa.

By D.88946 dated June 13, 1978 in Application (A.)57667, the Commission authorized Mariposa (among other things) to enter into a Telephone Loan Contract Amendment (Contract) with the Rural Electrification Administration (REA) and the Rural Telephone Bank (RTB) 1/ and to issue and deliver to the REA a long-term Mortgage Note (Note) in an aggregate principal amount not to exceed \$2,240,000, to finance improvements of the company's plant facilities.

1/ The RTB is an agency of the United States of America and is subject to the supervision and direction of the Secretary of Agriculture. The bank's general purpose is to provide assured and viable sources of financing to supplement the telephone loan program administered by the REA.

Sierra Tel, in its petition for modification of D.88946, requests an extension of time in which to repay that portion of loan funds covered by the Note that have not been drawn or remain, as yet, unborrowed.

Notice of the filing of the petition for modification appeared on the Commission's Daily Calendar on April 15, 1988. No protests have been received.

Justification for Extension of Time

On July 14, 1978, under the provisions of D.88946, Mariposa executed the Contract and issued a Note to the REA. The Contract provided that loan funds under the Note would be available for advance to Mariposa for a minimum period of three years from the date of the Note and thereafter until terminated by the Administrator of the REA. The Note provided for the repayment of the loan funds over a period of 35 years from the date of the Note.

At the present time, not all the loan funds under the Note have been advanced and the REA has agreed to continue to make the remaining loan funds available to Sierra Tel only if the utility agrees to extend the repayment schedule pertaining to the remaining unborrowed loan funds. The loan funds remaining available would be repayable in installments over a new 35-year period commencing on February 17, 1988, which is the date that the REA notified Sierra Tel about the extension of the repayment schedule. By letter dated May 4, 1988, Sierra Tel's attorney

confirmed that the date of notice by the REA referred to in the petition for modification is February 17, 1988. Since the Commission approved the form of the Note, authorization may be required for Sierra Tel to enter into an extension of the repayment schedule with the REA.

When subsequently advanced, the remaining loan funds covered by the Note would bear an interest rate at 5% per year. In Sierra Tel's petition for modification, the utility alleges that extending its authority to borrow the remaining loan funds under the Note and authorizing Sierra Tel to extend the repayment schedule over a new 35-year period would be beneficial to the company and its ratepayers, because of the low 5% interest rate per year on the Note.

The Commission Advisory and Compliance Division (CACD) has reviewed Sierra's petition for modification of D.88946 and has concluded that it is fair and reasonable to grant the utility the modification of the repayment schedule pertaining to the remaining loan funds covered by the Note that have not been drawn or are still unborrowed.

Findings of Fact

1. Sierra Tel, a California corporation, operates as public utility subject to the jurisdiction of this Commission.
2. The proposed extension of the repayment schedule to a new 35-year period for loan funds remaining to be advanced would be

for a proper purpose and would not be adverse to the public interest.

3. There is no known opposition to the petition and no reason to delay granting the authority requested.

Conclusions of Law

1. A public hearing is not necessary.

2. The petition for modification should be granted to the extent set forth in the supplemental order that follows.

The following supplemental order should be effective on the date of signature, to enable Sierra Tel to implement the extension of the repayment schedule expeditiously.

SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Sierra Telephone Company, Inc., (Sierra Tel), on or after the effective date of this supplemental order and on or before December 31, 1989, is authorized to extend the repayment schedule to a new 35-year period, commencing February 17, 1988, pertaining to that portion of loan funds covered by the Note that have not been drawn down or remain, as yet, unborrowed, as authorized by D.88946, and as set forth in Sierra Tel's petition for modification of D.88946, filed with the Commission on April 12, 1988.

2. Sierra Tel's petition for modification of D.88946 requesting an extension of the repayment schedule over a new 35-year period, commencing February 17, 1988, is granted as set forth above.

3. In all other respects, D.88946 remains in full force and effect.

This supplemental order is effective today.

Dated June 8, 1988, at Carson, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners